

**Assembly Joint Resolution**

**No. 28**

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**Introduced by Assembly Member Villines**

October 30, 2009

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Assembly Joint Resolution No. 28—Relative to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AJR 28, as introduced, Villines. COBRA premiums: federal subsidy.

This measure would urge the Congress of the United States to pass an extension of the COBRA premium subsidy enacted under the federal American Recovery and Reinvestment Act of 2009 in order to continue to allow terminated workers to maintain their employer-based group health care coverage.

Fiscal committee: no.

- 1 WHEREAS, The United States is facing the longest and deepest  
2 recession since World War II. The national unemployment rate  
3 reached a 26-year high of 9.7 percent in August 2009; and  
4 WHEREAS, In California, unemployment rates have risen well  
5 above the national average to 12.2 percent in September 2009; and  
6 WHEREAS, As Californians lose their jobs, many lose their  
7 employer-provided health care coverage; and  
8 WHEREAS, Under federal law, certain workers and their  
9 families who lose their health benefits have the right to choose to  
10 continue the group health benefits provided by their group health  
11 plan for limited periods of time under the Consolidated Omnibus  
12 Budget Reconciliation Act of 1985 (COBRA); and  
13 WHEREAS, Studies indicate that COBRA policies can be  
14 prohibitively expensive for recently laid off employees; and

1 WHEREAS, The Kaiser Family Foundation reports that in 2008,  
2 the average monthly health care premium for a family was \$1,057.  
3 An average unemployed person would be spending a hefty 74  
4 percent of his or her unemployment insurance on premiums for a  
5 family health plan, not including the deductibles or copayments  
6 for prescriptions or doctor and hospital visits; and

7 WHEREAS, In recognition of the impact of job losses on  
8 individuals and families, the American Recovery and Reinvestment  
9 Act of 2009 (ARRA) provides a subsidy for workers who lose  
10 their jobs between September 1, 2008, and December 31, 2009,  
11 and purchase health care coverage through COBRA; and

12 WHEREAS, Under ARRA, the federal government subsidizes  
13 65 percent of the COBRA premiums for up to nine months of  
14 coverage and extends the window of opportunity to sign up for  
15 COBRA coverage by 60 days for workers who were laid off  
16 between September 1, 2008, and the day ARRA went into effect;  
17 and

18 WHEREAS, The 65 percent subsidy brings the average family  
19 health care premium down to \$370 per month, or 26 percent of  
20 the average monthly unemployment benefit; and

21 WHEREAS, This subsidy has allowed laid off workers to  
22 maintain their health care coverage while they continue to look  
23 for work; and

24 WHEREAS, The subsidy has successfully made health care  
25 coverage under COBRA more affordable and has doubled the  
26 percentage of laid off employees who opt for COBRA; and

27 WHEREAS, The subsidy will not be available to employees  
28 who are laid off after December 31, 2009, but the need for the  
29 subsidy will still be present and is in fact expected to grow in 2010.  
30 The Congressional Budget Office predicts that the national  
31 unemployment rate will grow to 10.2 percent next year; now,  
32 therefore, be it

33 *Resolved by the Assembly and the Senate of the State of*  
34 *California, jointly*, That the Legislature urges the Congress of the  
35 United States to pass an extension of the COBRA premium subsidy  
36 enacted under the federal American Recovery and Reinvestment  
37 Act of 2009 in order to continue to allow terminated workers to  
38 maintain their employer-based group health care coverage; and be  
39 it further

1     *Resolved*, That the Chief Clerk of the Assembly transmit copies  
2 of this resolution to the President and Vice President of the United  
3 States, to the Speaker of the House of Representatives, to the  
4 Majority Leader of the Senate, and to each Senator and  
5 Representative from California in the Congress of the United  
6 States.

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